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TOMBILL MINES LIMITED



Thirty-Second Annual Report

FOR THE YEAR ENDED 31st DECEMBER, 1968

TOMBILL MINES LIMITED

Incorporated under the laws of the Province of Ontario

OFFICERS

J. A. GRANT - - - - - *President*
S. H. ROBINSON - - - - - *Vice-President*
R. V. TOMKINS - - - - - *Vice-President*
H. L. GOOD - - - - - *Secretary-Treasurer*

DIRECTORS

K. S. DALTON - - - - - Winnipeg, Manitoba
J. DEBRAY - - - - - Montreal, Quebec
H. L. GOOD - - - - - Toronto, Ontario
J. A. GRANT - - - - - Toronto, Ontario
GEORGE F. HAYHURST - - - - - Sarasota, Florida
FOSTER W. HEWITT - - - - - Toronto, Ontario
H. A. MCKENZIE - - - - - Winnipeg, Manitoba
S. H. ROBINSON - - - - - Toronto, Ontario
R. V. TOMKINS - - - - - Regina, Saskatchewan

HEAD OFFICE

Suite 710 — 60 Yonge Street, Toronto, Ontario

GOLD MINE PROPERTY

Geraldton, Ontario

PROJECT OFFICE

Regina, Saskatchewan

REGISTRAR AND TRANSFER AGENT

CROWN TRUST COMPANY, 302 Bay St., Toronto, Ont.

AUDITORS

GRIER, DYER & Co., Toronto, Ont.

COUNSEL

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON,
PEPALL & HARVEY, Toronto, Ontario

ANNUAL MEETING

The Annual Meeting of the Company will be held in The Algonquin Room, Royal York Hotel, 100 Front Street West, Toronto 1, Ontario, Thursday, April 24th, 1969, at 11:00 o'clock in the forenoon, Toronto time.

TOMBILL MINES LIMITED

Directors' Report

To the Shareholders:

The Directors submit herewith the Thirty-Second Report of your Company including Financial Statements, Auditors' Report for 1968, the Vice-President's Report on the sodium sulphate operations and the Consulting Geologist's Report on metallic minerals exploration.

SYLVITE OF CANADA LTD.

Hudson Bay Mining & Smelting Co. Limited advised the Sylvite shareholders that due to the over-supply and drastic decline in the price of potash throughout the world and the expectation that it would be several years before production and consumption would again be in balance, and because of the increased cost of the project by reason of inflation and high interest rates, Sylvite was not competitive with other developing potash mines in Saskatchewan and that in order to make the Sylvite development economic and competitive it had become imperative that Hudson Bay assume the total development of the project using its own resources and that Hudson Bay had therefore determined to acquire the assets of Sylvite for a fair consideration. In December 1968, Hudson Bay completed the purchase of all the undertaking, property and assets of Sylvite in consideration, inter alia, of the issue of 168,138 fully paid and non-assessable shares without nominal or par value of the capital stock of Hudson Bay which were distributed pro rata to the shareholders of Sylvite other than Hudson Bay. Tombill received as its distributive share 51,471 shares of Hudson Bay on the winding up of Sylvite.

FRANCANA MINERALS LTD.

The Sodium Sulphate Plant came into partial production in mid-November, with the first two 100-ton railroad cars being shipped to a British Columbia pulp mill. The Vice-President's Report deals with the operation in fuller detail.

OTHER INTERESTS

The programme of geophysical work and diamond drilling carried out on the copper-nickel prospect at O'Sullivan Lake, Thunder Bay Mining Division, Ontario, was most disappointing. The option was abandoned and the Company's claims were allowed to lapse.

The 1968 programme carried out on the uranium property of Gulch Mines Limited, in which your Company has a substantial holding, is dealt with in Mr. Wilson's report.

In December 1968 Tombill and Gunnex Limited entered into a joint exploration agreement to carry out a programme on a copper prospect at Barbara Lake, Thunder Bay Mining Division, Ontario, under option from Kagiano Mines Limited. The option agreement contains a commitment of \$25,000, and if the option is exercised expenditures will total \$150,000.

The Geraldton gold and iron property is reviewed in Mr. Wilson's report. The Craskie Mines Limited gold property at Nezhah, Port Arthur Mining Division, Ontario, remains in good standing.

The Company Board of Directors was increased from seven to nine by Special Resolution #3 confirmed at the Annual Meeting of Shareholders May 23rd, 1968. Messrs. H. A. McKenzie and K. S. Dalton, of Hudson Bay Mining & Smelting Co. Limited, were elected to fill the new positions at the meeting.

Your Directors express their appreciation for the excellent work carried out by the Company staff.

On behalf of the Board,

Toronto, Ontario
March 11th, 1969.

JAMES A. GRANT,
President.

TOMBILL MINES

(Incorporated under the laws of the Province of Ontario)

Balance Sheet as at December 31, 1968

(1967 figures shown in parentheses)

ASSETS		1968	1967
Current:			
Cash	\$	56,746	\$ 3,792
Accounts receivable		1,723	6,359
Dominion of Canada bond — at market value		1,483	1,483
Short term notes and accrued interest		107,032	150,377
		<u>166,984</u>	<u>162,011</u>
Investments:			
Hudson Bay Mining and Smelting Co. Limited (Note 1) at cost (quoted market value \$3,808,854)		297,262	
Gulch Mines Limited — at cost, less reserve (quoted market value, 1968 — \$145,000, 1967 — \$100,000)		52,626	52,626
Francona Minerals Ltd. — at cost (Note 2) (no quoted market value)		1,000,000	360,000
Sylvanite of Canada Ltd. (Note 1)			297,262
Other — at nominal value		1	1
Advances to and Investment in Affiliated Mining Company —at cost (no quoted market value)		29,113	29,032
Province of Ontario Mining Properties — Geraldton area		1,191,262	1,191,262
Furniture and Equipment — at cost		3,757	3,724
Deferred Exploration, Development and Other Expenditures (net) — Exhibit B		1,287,130	1,293,173
		<u>\$4,028,135</u>	<u>\$3,389,091</u>

AUDITOR'S REPORT

The Shareholders,
Tombill Mines Limited:

We have examined the balance sheet of Tombill Mines Limited as at 31 December 1968 and the results of its operations and the source and use of its funds for the year then ended. Our examination was based on the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements, when read in conjunction with the balance sheet and the results of its operations and the source and use of its funds for the year then ended, are consistent with that of the preceding year.

Toronto, Ontario
5th March 1969

ES LIMITED

(Incorporated in the Province of Ontario)

EXHIBIT A

31st December 1968

(for comparison)

		LIABILITIES	
Current:		1968	1967
	Accounts payable and accrued	\$ 6,496	\$ 7,452
Capital Stock (Notes 2 and 3)			
Authorized —			
5,000,000 shares of no par value			
Issued —			
	4,600,000 shares, including 640,000 issued for cash during the year 1968	3,769,000	3,129,000
	Earned Surplus	252,639	252,639
Approved on behalf of the Board			
J. A. GRANT, Director.			
H. L. GOOD, Director.			
		<u>\$4,028,135</u>	<u>\$3,389,091</u>

REPORT

December 1968 and the statements of deferred exploration, development and other
information included a general review of the accounting procedures and such tests of
circumstances.

Thereby, we present fairly the financial position of the company as at 31st December
then ended, in accordance with generally accepted accounting principles applied on a

GRIER, DYER & CO.,
Chartered Accountants.

TOMBILL MINES LIMITED

EXHIBIT B

Statement of Deferred Exploration, Development and Other Expenditures

For the Year Ended 31st December 1968

(1967 figures shown for comparison)

	1968	1967
Balance forward from previous year	<u>\$1,293,173</u>	<u>\$1,366,918</u>
Expenditures for the current year Nakina Project — Ontario:		
Drilling	8,699	
Equipment purchases	1,735	
General project expenses — supplies, licenses, assays	2,202	209
Geologist's consulting fees	4,750	
Option on mining claims	3,000	
Salaries of field employees, unemployment insurance and workmen's compensation	6,692	
Staking claims	6,890	
Travel and transportation	1,738	
	<u>35,706</u>	<u>209</u>
Other — Ontario:		
Engineering and other services	2,253	3,940
Taxes	471	471
	<u>2,724</u>	<u>4,411</u>
Sodium Sulphate Project — Saskatchewan		<u>35,943</u>
Administrative and General:		
Annual meeting, reports and expenses	3,491	2,558
Directors' expenses	895	703
Insurance, licenses and fees	617	689
Legal, audit and accounting fees	8,189	8,880
Office and general expenses (net)	2,114	1,804
Rent	3,900	3,537
Salaries — executive	13,650	12,000
— office	3,932	3,794
Transfer agent and registrar	1,176	1,420
Travel	766	784
	<u>38,730</u>	<u>36,169</u>
Total Expenditures	<u>77,160</u>	<u>76,732</u>
	<u>1,370,333</u>	<u>1,443,650</u>
Deduct —		
Revenue:		
Dividends received	74,633	
Interest earned	7,728	8,408
Other	842	516
Recovery of Expenditures		141,553
	<u>83,203</u>	<u>150,477</u>
Total Net Expenditures to the end of the year	<u>\$1,287,130</u>	<u>\$1,293,173</u>

TOMBILL MINES LIMITED

EXHIBIT C

Statement of Source and Use of Funds

For the Year ended 31st December 1968

(1967 figures shown for comparison)

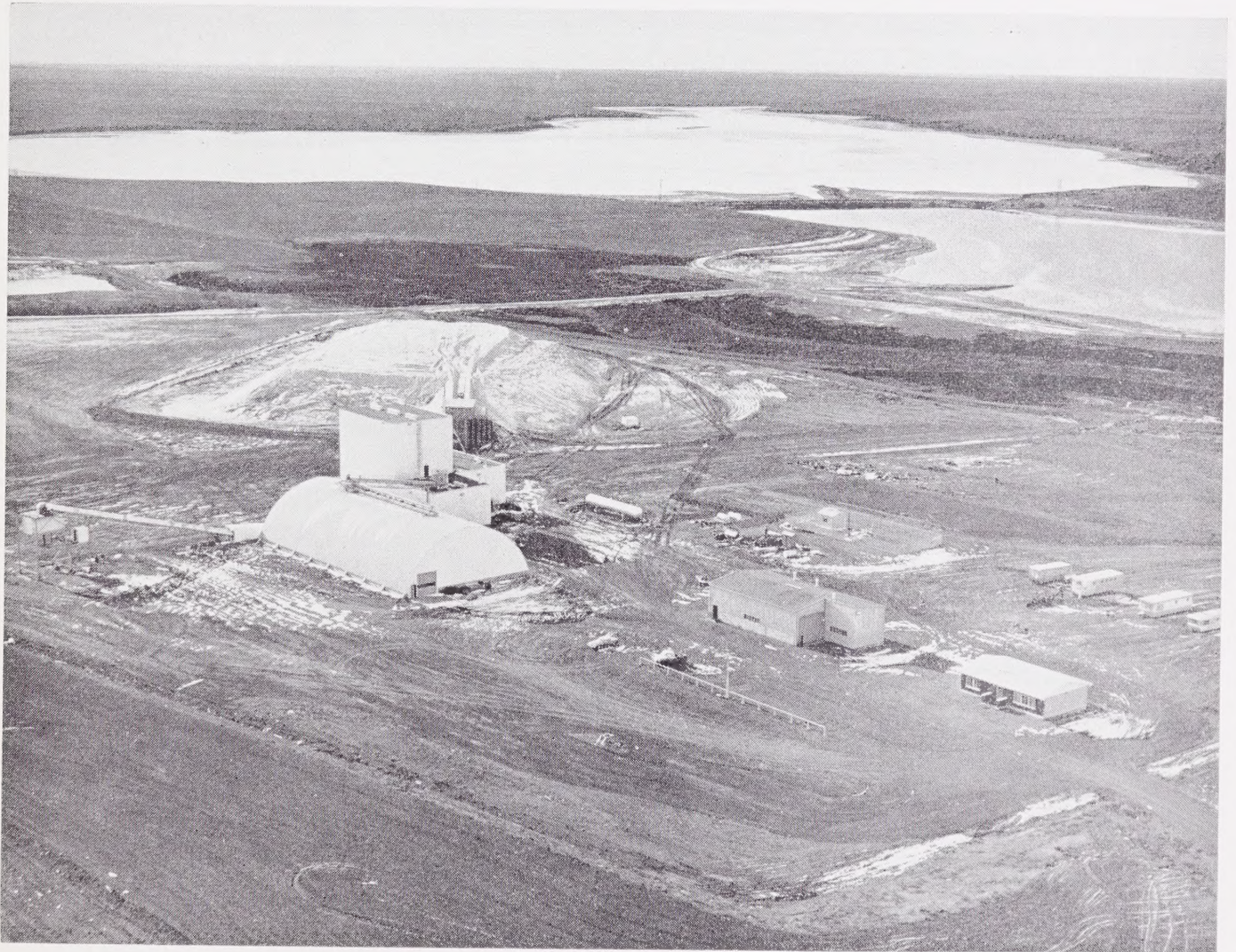
Source of Funds:	1968	1967
Revenue —		
Dividends received	\$ 74,633	
Interest earned	7,728	\$ 8,408
Other	842	516
	<u>83,203</u>	<u>8,924</u>
Disposal of Government of Canada bonds deposited with the Govern- ment of Saskatchewan		58,447
Recovery of the greater portion of expenditures on the sodium sulphate project		141,553
Assignment of Province of Saskatchewan alkali leases		1
Disposal of furniture		2,480
Issue of shares of the company's capital stock at \$1 each (Note 2)	640,000	260,000
	<u>723,203</u>	<u>471,405</u>
Use of Funds:		
Advance to affiliated mining company	81	300
Investment in shares of Francana Minerals Ltd. (Note 2)	640,000	360,000
Purchase of furniture	33	
Deferred exploration, development and other expenditures for the year — Exhibit B	77,160	76,732
	<u>717,274</u>	<u>437,032</u>
Working Capital:		
Increase during the year	5,929	34,373
Balance at the beginning of the year	154,559	120,186
Balance at the end of the year	<u>\$ 160,488</u>	<u>\$ 154,559</u>
Current Assets	166,984	162,011
Current Liabilities	6,496	7,452
	<u>\$ 160,488</u>	<u>\$ 154,559</u>

TOMBILL MINES LIMITED


Notes to Financial Statements

31st December 1968

1. In December 1968 the company received 51,471 treasury shares of Hudson Bay Mining and Smelting Co. Limited as its distributive share of the assets of Sylvite of Canada Ltd. on the winding up of that company. These shares have been valued at the cost of acquisition of Western Canada potash properties and mineral rights.
2. During the year Hudcana Development Corporation Ltd. purchased 640,000 treasury shares of Tombill Mines Limited for cash at \$1 each and Tombill Mines Limited purchased 64,000 preferred shares of Francana Minerals Ltd. for cash at \$10 par value each. The company now owns 200,000 common shares and 80,000 5% cumulative, redeemable preferred shares of Francana Minerals Ltd.
3. Of 50,000 treasury shares of the company, under option to an officer of the company as of 31st December 1968 at \$1.25 per share and expiring 22nd April 1970, 20,000 shares were taken up in the months of January and February 1969.
4. Under the terms of an agreement with Gunnex Limited, dated 22nd January 1969, the company was assigned a 50% interest in an option agreement, dated 1st October 1968, to purchase mining lands. To maintain the option in good standing, the optionee is required to make certain expenditures of which Tombill Mines Limited share will be
 - \$12,500 on or before 31st March 1969,
 - a further \$12,500 on or before 30th September 1969,
 - a further \$25,000 on or before 31st March 1970 and
 - a further \$25,000 on or before 30th September 1970.
5. Remuneration of directors and executive officers of the company totalled \$15,625 for the year 1968 and \$19,150 for the year 1967.
6. For purposes of comparison, the 1967 figures have been reclassified to conform with 1968 classifications.



FRANCANA MINERALS LTD.
100,000 tons per year Sodium Sulphate Plant
Grant — Saskatchewan



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TOMBILL MINES LIMITED

60 Yonge Street
Toronto, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Thirty-First Annual Meeting of the Shareholders of TOMBILL MINES LIMITED will be held in the Library, Royal York Hotel, 100 Front Street West, Toronto 1, Ontario, on Thursday, the 23rd day of May, 1968 at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To consider and if deemed advisable, confirm Special Resolution #3 passed by the Directors on the 18th day of April, 1968, which provides that the number of Directors shall be increased from seven to nine and that a quorum of the Board shall be four directors.
2. To receive the reports of the Directors, Auditors' Report and Financial Statements for the year ending the 31st December, 1967, copies of which are enclosed herewith.
3. To elect Directors for the ensuing year.
4. To appoint Auditors for the ensuing year.
5. To consider and deal with such other business as may properly be brought before the meeting.

If you are unable to be present in person you are entitled to be represented at the meeting by proxy. Please sign, date and return the enclosed proxy to the Secretary, at Suite 710, 60 Yonge Street, Toronto 1, Ontario.

DATED at Toronto, this 26th day of April, 1968.

By Order of the Board,

H. L. GOOD,
Secretary-Treasurer.

TOMBILL MINES LIMITED

INFORMATION CIRCULAR

This Information Circular accompanies Notice of the Annual Meeting of the Shareholders of the Company to be held on May 23rd, 1968, at 11:00 o'clock in the forenoon (Toronto time) and is furnished in connection with the solicitation of proxies by the management for use at said meeting, and at any adjournment or adjournments thereof.

The cost of such solicitation will be borne by the Company.

VOTING OF PROXIES

The shares represented by the form of proxy enclosed herewith will be voted and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy the shares shall be voted in accordance with the specification so made. With respect to matters as to which a choice is not so specified it is intended to vote the shares represented by the form of proxy in favour of each such matter. The form of proxy also confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting.

A shareholder giving a proxy in the form enclosed has the power to revoke it at any time before it is exercised.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKE OUT THE OTHER NAMES OR MAY SUBMIT ANOTHER FORM OF PROXY.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's capital consists of 5,000,000 common shares without nominal or par value of which 4,120,000 shares are outstanding each of which entitles the shareholder to one vote.

The Company understands that Hudcana Development Corporation Ltd. owns 1,120,200 shares being approximately 28% of the shares outstanding.

INCREASE IN THE NUMBER OF DIRECTORS

The Directors on April 18th, 1968, passed a Special Resolution #3 increasing the number of Directors from seven to nine. This Special Resolution will be submitted to the shareholders for confirmation at the Annual Meeting. The Corporations Act (Ontario) provides for confirmation of Special Resolutions by at least two-thirds of the votes cast at a meeting of shareholders.

ELECTION OF DIRECTORS

The management of the Company proposes to nominate for election as Directors at the Annual Meeting of Shareholders to be held on the 23rd day of May, 1968, the persons listed below to serve until the next

Annual Meeting of the Company or until their successors are elected or appointed, unless any such person is not available to act as a director, in which event a substitute may be nominated by the management of the Company:—

Name	Other positions and offices held with the Company.	Principal occupation or employment at the present time and during the past five years.	Period served as Director.	Number of shares of the Company beneficially owned directly or indirectly.
James A. Grant	President	President, Tombill Mines Ltd. Partner in Playfair & Co. Ltd. until Aug. 1966	22 years	138,500
Sidney H. Robinson	Vice-President	Partner in Holden, Murdoch, Walton, Finlay, Robinson, Pepall & Harvey	16 years	7,000
Robert V. Tomkins	Vice-President	Project Manager, Tombill Mines Limited and since he has also been General Manager of Francana Minerals Ltd.	3 months	1,000
Harvey L. Good	Secretary-Treasurer	Chartered Accountant — Asst. Director, Hospital Budgets Divn., Ontario Hospital Services Commission	14 years	3,751
Foster W. Hewitt		President, Foster Hewitt Broadcasting Limited (CKFH)	22 years	47,600
George Hayhurst		Chairman of Board of F. H. Hayhurst Co. Ltd. — previous 5 years. Retired Dec. 31/65	4 years	12,500
Jean Debray		Asst. Gen. Mgr., Credit Foncier Franco-Canadien; Exec. V.P. of Hudcana Development Corporation Ltd.; V.P., Sylvite of Canada Ltd. 5 years prior to 1967, Exec. V.P., Francana Oil & Gas Ltd.	5 months	1,000
H. A. McKenzie		V.P. Development & Asst. Gen. Mgr. Hudson Bay Mining & Smelting Co. Limited.		1,000
K. S. Dalton		Comptroller, Hudson Bay Mining & Smelting Co. Limited. Previous 5 years to Oct./67, partner Deloitte, Plender, Haskins & Sells, Chartered Accountants.		1

NOTE: The numbers of shares shown above are as reported by the respective nominees.

Forms of proxy given pursuant to this solicitation of the management of the Company will be voted for the election of the foregoing if available as directors.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company during the last completed years was \$19,150.00.

APPOINTMENT OF AUDITORS

It is proposed that Grier, Dyer & Co., Chartered Accountants, the Company's auditors, be re-appointed. Grier, Dyer & Co. have been auditors of the Company since 1956. Forms of proxy given pursuant to this solicitation by the management of the Company will be voted for their re-appointment at a remuneration to be fixed by the board of directors.

GENERAL

The management of the Company knows of no matters to come before the said Meeting other than the matters referred to in the Notice of the said Meeting. However, if any other matters which are not now known to the management of the Company should properly come before the said meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgement of the persons voting the proxy.

DATED as of the 26th day of April, 1968.

TOMBILL MINES LIMITED

ERRATUM – BALANCE SHEET

On the Assets side under the heading "Investments" Sylvanite of Canada Ltd. should read Sylvite of Canada Ltd.

